

Message Text

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65

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CEA-01 CIAE-00 COME-00 EB-07

EA-07 FRB-03 INR-07 IO-13 NEA-10 NSAE-00 USIA-06

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 AGRE-00

OMB-01 SS-15 NSC-05 L-03 H-02 STR-04 /113 W

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R 051000Z OCT 76

FM AMEMBASSY DUBLIN

TO USMISSION OECD PARIS

INFO SECSTATE WASHDC 8444

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E. O. 11652: N/A

TAGS: ECON OECD EI

SUBJ: ECONOMIC AND DEVELOPMENT REVIEW COMMITTEE (EDRC) REVIEW
OF IRELAND, OCTOBER 6, 1976

REF: USMISSION OECD PARIS 28457

1. EMBASSY APPRECIATES INVITATION TO SEND A REP TO THE REVIEW
OF THE IRISH ECONOMY ON OCTOBER 6. HOWEVER, ECON OFFICER
BAAS IS CURRENTLY ON LEAVE AND WE HAVE NO OTHER OFFICER
AVAILABLE OR QUALIFIED.

2. WE AGREE WITH THE ANALYSIS OF THE SECRETARIAT, AND WITH
THE MISSION'S COMMENTS ON THE ANALYSIS. THE TRIPARTITE
NEGOTIATIONS HAVE GOTTEN OFF TO A ROCKY START, AND WE ARE
NOT OPTIMISTIC THAT LABOR WILL ACCEPT SUFFICIENT WAGE
RESTRAINT TO MAKE AN IMPRESSION ON UNEMPLOYMENT OR THE WAGE
CYCLE. THE GOVERNMENT HAS JUST ISSUED A "GREEN PAPER" ON
THE ECONOMY (SEE DUBLIN 2082, COPIES MAILED DIRECTLY TO US
MISSION OECD) WHICH OFFERS LITTLE IN THE WAY OF A POSITIVE
PROGRAM FOR THE NEXT SEVERAL YEARS. A COMPLICATING FACTOR
IS THE VIRTUAL CERTAINTY OF AN ELECTION IN 1977 (ONE IS

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REQUIRED BY FEBRUARY

1978), WHICH WILL MAKE IT UNLIKELY THAT
THE GOVERNMENT COULD TAKE ANY TOUGH MEASURES, ESPECIALLY
AGAINST LABOR.

3. WE KNOW THAT THE GOVERNMENT IS COUNTING VERY HEAVILY ON
EXTERNAL FACTORS TO ALLEVIATE SOME OF THE PROBLEMS, PARTI-
CULARLY INVESTMENT AND EXPORTS, AND WE NOTE THAT THE ANALYSIS
DOES NOT GO INTO THE EFFECTS OF SUCH FACTORS IN ANY DETAIL.
ANOTHER AREA FOR POSSIBLE INVESTIGATION IS THE EFFECT OF A
"WORST CASE" SCENARIO. FOR INSTANCE THE ANALYSIS SPEAKS OF
A "DANGEROUS INCREASE" IN CURRENT ACCOUNT DEFICIT. WHAT
WOULD THIS MEAN EXACTLY? CAN IRELAND EXPECT FURTHER BORROWING
IN 1977 IF THE ECONOMY DOES NOT PICK UP? INCIDENTALLY
THE KEY TO THE OPPOSITION'S ECONOMIC PLAN IS A WAGE FREEZE/
TAX DECREASE/LOAN PACKAGE (SEE DUBLIN 2082). WOULD THIS BE
FEASIBLE? CURLEY

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